

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SKILLZ PLATFORM INC.,
a Delaware corporation,

Plaintiff,

-against-

VOODOO SAS, a foreign corporation;
ESPORT NEWCO SAS, a foreign
corporation; and ESPORT NEWCO US
CORP., a Delaware corporation,

Defendants.

Civil Action No.: 24 Civ. 4991 (VSB)

DECLARATION OF CASEY CHAFKIN

I, Casey Chafkin, under penalty of perjury, declare as follows:

1. This declaration is submitted in support of Plaintiff Skillz Platform Inc.’s (“Skillz”) Motion for a Preliminary Injunction and Expedited Discovery against Defendants Voodoo SAS, Esport Newco SAS, and Esport Newco US Corp. (together, “Voodoo”). Unless otherwise indicated, I have personal knowledge of the facts set forth herein.

2. I am a co-founder and currently the Chief Strategy Officer of Skillz. I obtained a B.S. in Economics from Duke University and a Master of Business Administration from Harvard Business School. When I co-founded Skillz in 2012, there were no major competitors providing the type of real-cash, skill-based mobile gaming competitions that Skillz sought to offer. Skillz’s success and innovation helped fuel the growth of an industry which is now reportedly valued over \$100 billion globally.

3. As Skillz’s first employee seeking to build a company in a largely non-existent industry, I was involved in and/or had responsibility for nearly every aspect of Skillz at some point in time over the last 12 years, including product development, data analysis, finance,

partner relationships, marketing, consumer relations, investor relations, business operations and strategy, and in the early days, even cleaning services. As a pioneer of the skill-based mobile gaming industry, I have a deep understanding of fair competition, the expectations of mobile gamers, how skill-based competitions are hosted and operated, the importance of player liquidity, and the negative impact of the use of bots on Skillz's revenue and market share as well as the skill-based mobile gaming industry as a whole.

4. The Skillz platform enables third-party developers to match human users in head-to-head competitions and bracketed tournaments based on their relative skill level so that players of the same skill level play against each other. Skillz uses algorithms to match players based on skill level and game history to ensure that each matchup is fair. To compete in Skillz's cash competitions, a user must have a mobile device, be over the age of 18, and be located in an area of the world where cash gameplay is available. Skillz does not use, operate, or enable computers or artificial competitors, i.e., "bots," to compete in its cash games. Skillz therefore does not have a financial stake in who wins or loses any of the competitions hosted on its platform. Skillz does not deploy bots to compete in cash competitions on its platform for many reasons, including that it understands use of bots in this way to be illegal, unfair, and fraudulent.

5. Skillz-powered gaming applications are available for free download on the Apple App Store, the Samsung Galaxy Store, and Google Play Store. Players can choose from hundreds of games to play on the Skillz platform. Some of Skillz's most popular games include Solitaire Cube, 21 Blitz, Blackout Bingo, and Bubble Cube 2. As a company that offers cash prizes to players based on the outcomes of mobile gaming competitions, in order to be approved and listed in the Apple App Store, Skillz is required to submit a legal opinion letter regarding the legality of its games.

6. Voodoo's games directly compete for users and prospective users with the games available on Skillz's platform such as "Solitaire Cube" and "21 Blitz." Voodoo hosts cash competitions for substantively identical, copycat mobile games through its "Blitz Win Cash" application. Mobile game users do not typically switch back and forth between Skillz and Voodoo games. One reason is that both Skillz and Voodoo offer in-game rewards and accolades that players accumulate by reaching various accomplishments and that reward time spent playing on their respective platforms. As a result, players are motivated to choose and stick to playing games on one platform, rendering Skillz and Voodoo direct competitors in what can be aptly described as a zero-sum game. That is, in many cases, Voodoo's gain is Skillz's loss.

7. In order to successfully launch any mobile game that supports cash competitions among users of similar skill levels, that game needs a large pool of players of various skill levels actively playing the game at all times of day. How large or small the player pool is—*i.e.*, player liquidity—therefore determines the speed at which any one player will find an opponent at their same skill level who wants to enter a competition at the same chosen entry fee. If player liquidity is high, users are able to find suitable opponents quickly (which enables them to play more games), and game operators are able to offer larger, multiplayer tournaments. But if player liquidity is low, it takes longer for players to find a suitable match (that is, if they are willing to wait), users can participate in fewer competitions, and game operators are unable to offer large multiplayer tournament formats. In general, mobile gamers expect to be able to quickly match against a competitor, and any delay in matching could result in the player losing interest—and switching platforms, permanently. It takes a substantial investment of resources in the form of marketing spend, especially for a newly launched company or game, to reach the level of player liquidity required for users to be quickly matched with others of similar skill levels to remain

engaged in gameplay. For companies like Voodoo that offer large, multi-player tournaments, a significantly larger pool of players of the game must be active as the tournaments are being filled to find enough similarly skilled players to populate the tournament compared to head-to-head competitions.

8. By using fake players or bots to enter mobile gaming competitions, a company artificially increases its player liquidity and thereby the number of “competitors” that a player can be matched against, resulting in a relatively short amount of time—or no wait at all—for players to enter and complete a head-to-head competition or multiplayer tournament. Quick matching and large format tournaments enabled by bots draws users to a platform, allowing the company using bots to grow its user base while minimizing user acquisition costs—creating a level of player liquidity that legally compliant companies like Skillz (who must make substantial investments to acquire users) simply cannot compete with.

9. Players who do not know that they are playing against bots in tournaments are drawn to bot-enabled games because of fast matching and multi-player tournaments and away from games hosted on Skillz’s platform who cannot match the player liquidity that can be artificially achieved through the use of bots. Indeed, Skillz consistently receives feedback from players who desire to play in large format tournaments, but in the absence of bots, my understanding from more than a decade of experience leading operations for a mobile gaming platform (including several years where Skillz was the industry leader in terms of market share), a company cannot achieve the requisite levels of player liquidity to quickly conclude a high volume of large-format tournaments because such tournaments require having numerous players available who want to play in the same tournament, at the selected entry fee, at the same time, and at the same skill level. These players who desire to compete in large-format tournaments are

therefore drawn to Voodoo's games and away from the games hosted on Skillz's platform. What I understand to be Voodoo's deceptive bot usage therefore creates a negative feedback loop whereby bots provide player liquidity levels that attract players to Voodoo's games and away from Skillz's platform—thereby further decreasing Skillz's player liquidity, which in turns drives more-and-more players (and the revenue generated by such players) from Skillz's platform.

10. The use of bots also shrinks the overall market for real-cash, skill-based competitive gaming. Competitive gamers who enter the real-cash, skill-based gaming market expect to compete against other human players. When a mobile gaming company like Voodoo promotes its games as fair, skill-based tournaments in which Voodoo has no financial stake in the outcome of the game and then matches players against bots programed to take their money, players feel cheated and typically feel cheated by the industry as a whole. In other words, based on my experience, players typically do not differentiate between the gaming companies who deploy bots and those like Skillz who do not. Indeed, I have personally seen customer reviews whereby a player who feels defrauded by a competitor's bot use states that they are withdrawing their money from all real-cash gaming platforms. Thus, players cheated by what I understand to be Voodoo's bot use in cash games who would otherwise use Skillz's platform decide to exit the real-cash, skill-based competitive gaming market altogether. The deceptive use of bots therefore causes both the total addressable market for players in the real-cash, skill-based mobile gaming industry to shrink because of consumer perceptions, and Skillz's market share within that industry is also diminished.

11. The impact of what I understand to be Voodoo's use of bots in cash games on Skillz, who does not use bots to compete as players in cash games, is not speculative and has been (and continues to be) devastating on Skillz. Specifically, I understand that Voodoo — while

advertising that its games are fair, skill-based and did not use bots — utilized (and continues to utilize) bots to generate hundreds of millions of dollars in revenue from players who did not know that they were playing against bots and who otherwise would have entered competitions on fair, skill-based platforms such as Skillz. Indeed, in the first six months of 2021, before the launch of Voodoo's Blitz Win Cash, the top two games on Skillz ranked (on average) at number 2 and number 11, respectively, in the Casino category on the Apple App Store. By December 2022, when Blitz Win Cash had been downloaded an estimated 1.5 million times, the rankings for the same Skillz's games had dropped to (on average) number 22 and number 90, respectively, while Blitz Win Cash ranked (on average) number 8 in the Casino category. As seen in this data, downloads of Skillz's games decreased significantly as players who were previously entering competitions on Skillz's platform and new entrants into the marketplace who would have played Skillz's games flocked to Voodoo's games where they are quickly (and unknowingly) matched against bots in large format, multi-player competitions that Skillz cannot offer without bots.

12. Skillz also experienced substantial losses in revenue as a result of Voodoo's business practices. For instance, in 2021, the year that Voodoo launched Blitz Win Cash, Skillz generated approximately \$380 million of revenue. When Voodoo scaled their product in 2022, increasing downloads by an estimated 10 times according to SensorTower, Skillz's revenue decreased by approximately \$90 million to an annual total of \$270 million (a 29% decline). In 2023, Voodoo increased its promotion for Blitz Win Cash, increasing estimated downloads of the application by over 40% versus 2022 and by over 1300% versus 2021 totals. Coinciding with the increased scale of Blitz Win Cash, Skillz's revenue decreased in 2023 by approximately \$120 million versus 2022 revenue (a 45% year-over-year decline and a 60% cumulative decline versus 2021). In the first half of 2024, Voodoo has continued to scale Blitz Win Cash, driving almost

850,000 new downloads of the application according to SensorTower. Coinciding with Voodoo's increased scale, Skillz's revenue decreased approximately 40% year-over-year for the first six months of 2024.

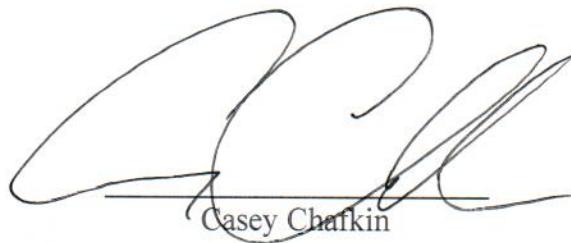
13. Skillz's market capitalization has also decreased along with its revenue. In July 2021, when Voodoo's Blitz Win Cash was launched, Skillz's market capitalization was approximately \$5 billion. In every year since then, Skillz's market capitalization has fallen sequentially to its current valuation of approximately \$108 million. Because I understand Voodoo continues to systematically deploy bots in its cash competitions and multi-player tournaments, Voodoo continues to grow its revenue and market share, while Skillz continues to lose market share, face increasing user-acquisition costs, and is unable to fairly compete with Voodoo's bots. Worse, as Voodoo continues to utilize bots to steal market share from Skillz, Skillz's player liquidity continues to decrease, thereby exasperating the harm caused to Skillz by further increasing wait times to enter competitions and diminishing the user experience for players on Skillz's platform.

14. Without immediate relief in the form of a preliminary injunction enjoining Voodoo from continuing to falsely represent or imply their gaming applications are fair, skill-based, and do not use bots and enjoining Voodoo from using bots in its cash mobile gaming competitions and tournaments during the pendency of this action, Skillz will continue to be irreparably harmed by Voodoo's false representations and consequent manipulation of the mobile gaming market. Voodoo's false statements will continue to draw players away from Skillz's platform, reducing Skillz's revenue, market share, and player liquidity, driving up its already-high user acquisition costs, and harming Skillz's commercial efforts. Voodoo's harm to Skillz's revenue and market share, which is compounded by a corresponding loss of player liquidity,

makes it difficult to quantify the monetary damage to Skillz, which is ongoing. Voodoo's false statements will also continue to create misapprehension among users that all mobile gaming is rigged by bots and therefore inherently unfair, thereby reducing the total pool of potential users available to Skillz, causing a decrease in Skillz's customer base and revenue.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: August 21, 2024

A handwritten signature in black ink, appearing to read "Casey Charkin". The signature is fluid and cursive, with a large, stylized initial letter.